



Benefits from the U.S.-Korea Trade Agreement

Hawaii

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The U.S.-Korea Trade Agreement (KORUS) Will Help Grow the U.S. Economy & Support U.S. Jobs

The impact of the eliminations of tariffs and related barriers is estimated to increase U.S. GDP by nearly \$12 billion and U.S. goods exports by nearly \$11 billion annually. Adding to this would be new exports of U.S. services, where U.S. firms exported \$12.6 billion to Korea in 2009. Together, these export opportunities support the President's National Export Initiative goal of doubling exports by 2015.

KORUS is Essential to Ensuring U.S. Competitiveness in Korea and Throughout Asia

Ten years ago, the United States was the top exporter to Korea providing one-fifth of all Korean imports; now we are in third place with less than 10% market share.

- U.S. exporters to Korea currently pay an average 6.2 percent tariff, or nearly \$1.3 billion a year, to Korea through tariffs on industrial goods.
- Korean exporters to the United States currently face an average 2.8 percent tariff.
- On the first day of the European Union (EU) - Korea FTA, 85% of Korean tariffs on EU products will go to zero.
- Chinese products in Korea benefit from lower transportation and labor costs.

Implementing KORUS can help U.S. businesses and their workers stem this downward slide by making U.S. products more competitive in the Korean market.

- Tariff elimination for over 95 percent of U.S. exports of consumer and industrial products within five years.
- Tariff elimination for nearly two-thirds of U.S. agricultural exports immediately on entry into force.
- Significant new market access for U.S. service suppliers.
- Extensive elimination of non-tariff barriers, including in the autos sector.
- Tariff eliminations and strong transparency obligations will facilitate SME exports.

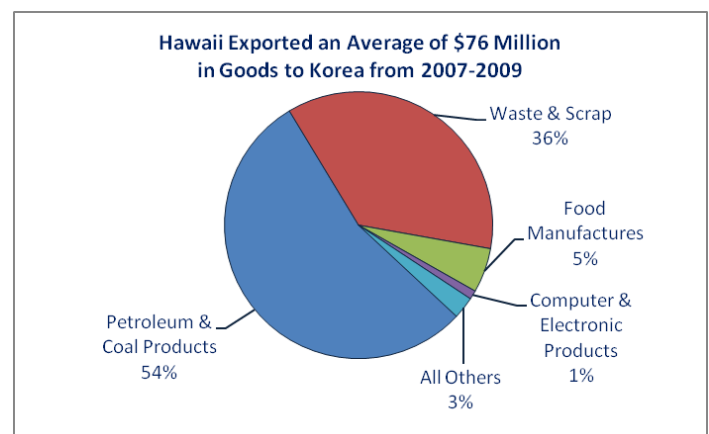
Hawaii Depends on World Markets

Hawaii's export shipments of merchandise in 2009 totaled \$563 million.

- Manufacturing exports support an estimated 6,000 private sector jobs in Hawaii. Approximately 5.3 percent of all manufacturing workers in Hawaii depend on exports for their jobs. (2008 data are the latest available.)
- A total of 714 companies exported from Hawaii locations in 2008. Of those, 638, or more than four-fifths, were small and medium-sized enterprises, with fewer than 500 employees.
- Small and medium-sized firms generated almost two-fifths (39 percent) of Hawaii's total exports of merchandise in 2008. This is the tenth highest figure among the states, and is well above the national SME share of total exports of 31 percent.

Trade Works for Hawaii

Recently implemented trade agreements have benefited Hawaii. For example, in the first five years (2005-2009) of the U.S.-Australia trade agreement, Hawaii's exports to Australia have grown by 280 percent. Exports to Singapore have increased by more than 1,300 percent since 2004 when the U.S.-Singapore trade agreement took effect. KORUS can similarly benefit Hawaii.



Source: U.S. Department of Commerce, International Trade Administration

KORUS Opens New Markets for Key Hawaii Exports

Petroleum and Coal Products – Petroleum and coal products accounted for \$41 million of Hawaii's merchandise exports to Korea on average in 2007-2009. KORUS will eliminate duties on key products including liquefied propane and liquefied natural gas.

Processed Foods – Hawaii exported \$4.1 million in processed food products on average in 2007-2009 to Korea. KORUS, when implemented, will stimulate new opportunities for Hawaii businesses in this sector. Korea is a growing market for consumer-oriented foods, creating new opportunities for U.S. exports of snack foods, cheese, and juices. KORUS will enhance these opportunities by eliminating tariff and non-tariff barriers that currently hamper exports of U.S. food and consumer products to Korea. Many processed food products will receive immediate duty-free treatment such as frozen french fries and all other processed food tariffs will be eliminated in five years or less.

Computers and Electronics Products – Computers and electronics products accounted for \$817,000 of Hawaii's merchandise exports to Korea on average in 2007-2009. Top U.S. exports in this sector included digital integrated circuitry, semiconductors, semiconductor manufacturing equipment, telecommunications equipment, radio and television parts, static converters, and magnetic tape. Korean tariffs range between zero and 13 percent. KORUS improves market access for computers and electronics products. With the immediate removal of many of these tariffs, U.S. exports will become much more competitive and affordable to Koreans.

KORUS Creates Opportunities for Hawaii's Agriculture

Hawaii's agricultural exports to all countries, estimated at \$102 million in 2009, supported about 850 jobs, on and off the farm. These export sales make an important contribution to the Hawaii farm economy, which had total cash receipts of \$581 million in 2009. KORUS eliminates tariffs and other barriers on most agricultural products, increasing export opportunities for U.S. agricultural products like those produced in Hawaii, including fruits, tree nuts, and coffee. With immediate elimination of duties on nearly two-thirds of U.S. agricultural exports to Korea, KORUS gives U.S. exporters improved access to the Korean market for many of the products that have been highly protected.

For more information on agricultural exports and KORUS, see the fact sheets posted by the U.S. Department of Agriculture at: <http://www.fas.usda.gov/itp/us-koreata.asp>

All state export data in this report are based on the Origin of Movement (OM) series. This series allocates exports to state based on transportation origin, i.e., the state from which goods began their journey to the port (or other point) of exit from the United States. The transportation origin of exports is not always the same as the location where the goods were produced. Thus conclusions about "export production" in a state should not be made solely on the basis of the OM state export figures.

Sources: Bureau of the Census, U.S. Department of Commerce, Origin of Movement Series; U.S. Department of Agriculture.

Prepared by the U.S. Department of Commerce, International Trade Administration.